

SCHEDULE 1

PART 2: SPECIAL CONDITIONS REFERRED TO IN SECTION 8 OF THE ACT

CONDITION 1

UNIVERSAL PROVISION OF TELECOMMUNICATION SERVICES

1.1 The Licensee shall provide to every person who requests the provision of such services at any place in the Licensed Area:

- (a) voice telephony services; and
- (b) other telecommunication services consisting in the conveyance of Messages;

by means of the Applicable Systems, except to the extent that the Director is satisfied that any reasonable demand is or is to be met by other means and that accordingly it would not be reasonable in the circumstances to require the Licensee to provide the services requested; and the Licensee shall ensure that Applicable Systems are installed, kept installed and run for those purposes.

CONDITION 2

PROVISION OF TELECOMMUNICATION SERVICES IN RURAL AREAS

2.1 The Licensee shall provide to every person who requests the provision of such services in a rural area within the Licensed Area:

- (a) voice telephony services; and
- (b) other telecommunication services consisting in the conveyance of Messages;

by means of the Applicable Systems, except to the extent that the Director is satisfied that any reasonable demand is or is to be met by other means and that accordingly it would not be reasonable in the circumstances to require the Licensee to provide the services requested; and the Licensee shall ensure Applicable Systems are installed, kept installed and run for those purposes.

CONDITION 3

DIRECTORY INFORMATION

3.1 The Licensee shall:

- (a) on request by any person in the United Kingdom (other than a public telecommunications operator) to whom it provides voice telephony services by means of any of the switched Applicable Systems, provide to that person by means of any such System used to provide such services to that person a directory information service relating to the switched voice telephony services it provides to any other person by means of either the same Applicable System or any other Applicable System to which it is connected and which is a switched voice telephony system; and
- (b) on the written request of any person in the United Kingdom supply to that person such directories as the Licensee, for the purpose of facilitating the use by others of any switched telecommunication service it provides by means of any of the Applicable Systems, publishes and makes available generally to persons to whom it provides those services.

3.2 Where the Licensee provides switched voice telephony services by means of any Applicable System which is connected to another public telecommunication system in the United Kingdom (the "Other System") by means of which switched voice telephony services are provided it shall:

- (a) to the extent that the operator of the Other System makes available directory information to the Licensee and to those to whom that other operator provides voice telephony services, ensure that those to whom the Licensee provides voice telephony services can obtain by using the Applicable System by means of which those services are provided (whether together with some other system or not) such directory information as is so available about persons to whom such services are provided by means of that Other System; and
- (b) supply to the operator of that Other System, whether by providing on-line access to the Licensee's electronic database referred to in paragraph 3.2 (c) or by providing directories of the kind referred to in paragraph 3.1 (b) or by providing the totality of the contents of that database in machine readable form, directory information about persons to whom the Licensee provides switched voice telephony services and do so for the purpose of enabling that operator to provide directory information about such services provided by means of the Applicable Systems and that Other System when connected together and to route calls, and do so in a form which is sufficient to meet any reasonable request of that operator for those purposes having regard in particular to the cost to, and the reasonable convenience of, the

Licensee and that operator and to the desirability of that operator being able to use complete and up to date directory information; and

- (c) where the operator of that Other System requests the Licensee pursuant to and in accordance with paragraph 3.2 (b) to provide access including on-line access or including the provision of an appropriate storage medium containing the data in machine readable form, to all the names, addresses and telephone numbers on the electronic database which is used by the Licensee to provide by means of the Applicable Systems directory information services to persons to whom the Licensee provides switched voice telephony services then the Licensee shall grant such access on reasonable terms (which may include recovery of fully allocated costs and a reasonable return on capital employed) provided that:
 - (i) the operator of that Other System undertakes to use the directory information only for the purpose of providing directory information services or to route calls;
 - (ii) the Licensee may lawfully provide such information to the operator of the Other System; and
 - (iii) the Licensee shall not be required to do anything in contravention of the Data Protection Act 1984.

3.3 Where the Licensee provides switched voice telephony services by means of any of the Applicable Systems which is connected to an Authorised Overseas System by means of which such services are provided, then, if a directory information service is provided by means of that Authorised Overseas System in respect of that Authorised Overseas System, the Licensee shall provide to any person to whom it provides switched voice telephony services by means of that Applicable System information as to how that person may avail himself by means of that Applicable System and that Authorised Overseas System when connected together of the directory information service provided in respect of that Authorised Overseas System and shall take all reasonable steps to secure that that can be done.

3.4 Where the Licensee provides switched voice telephony services by means of any of the Applicable Systems which is connected to both:

- (a) an Authorised Overseas System by means of which such services are provided; and
- (b) a Connectable System in the United Kingdom by means of which such services are provided which is run under a Licence which does not authorise the connection of that system to a system outside the United Kingdom so as to convey Messages from the United Kingdom to a place outside the United Kingdom;

it shall not unreasonably refuse to provide to the operator of that Connectable System access to such directory information services relating to the Authorised Overseas System as the Licensee makes available to those to whom it provides voice telephony services.

- 3.5 The directory information service provided by the Licensee under Condition 3.1 (a) and 3.3 and the information made available under Condition 3.2 (a) shall include a service or information as the case may be satisfactory to the Director whereby directory information is made available in a form which is appropriate to meet their needs to persons in the Licensed Area who are so blind or otherwise disabled as to be unable to use a telephone directory in a form in which it is generally available to persons to whom the Licensee provides services; and the service so provided to such persons shall from the date on which this Licence enters into force be provided free of charge or, if the Director is satisfied that that is not practicable, the Licensee shall provide, in accordance with arrangements agreed with the Director, appropriate reasonable compensation in respect of charges that are paid.
- 3.6 The obligations in Conditions 3.1, 3.2 (a) and 3.3 shall not apply when the directory information requested relates to a person who has requested the Licensee or the operator of the connected telecommunication system not to provide such information in relation to him.
- 3.7 This Condition operates without prejudice to Condition 13.

CONDITION 4

MAINTENANCE SERVICES

- 4.1 If so required by any person to whom it provides telecommunication services in accordance with Condition 1 or 2, the Licensee shall also provide Maintenance Services in respect of any telecommunication system or telecommunication apparatus in that person's control which is or is to be lawfully connected to any of the Applicable Systems, except:
- (a) where the Licensee has notified that person that the system or apparatus is beyond economic repair or the components or tools necessary to effect the repair are no longer available and the Director has not determined to the contrary;
 - (b) where the system or apparatus has been supplied by a person who is not a member of the Licensee's Group and is neither a Limited Maintenance Telecommunication System nor Limited Maintenance Telecommunication Apparatus; or
 - (c) where the approval under section 22 of the Act of the apparatus for connection to any of the Applicable Systems or to any system which is itself connected to or to be connected to any of the Applicable Systems does not require it to be maintained, while it is so connected, by either the Licensee or the person running any other public telecommunication system to which it is or is to be connected.

CONDITION 5

INTERNATIONAL SERVICES

- 5.1 The Licensee shall take all reasonable steps to provide by means of the Applicable Systems to any person to whom it provides telecommunication services by means of those Systems and who so requests International Connection Services to the extent necessary to satisfy all reasonable demands for such Services by such a person.

CONDITION 6

PUBLIC EMERGENCY CALL SERVICES

- 6.1 The Licensee shall provide a Public Emergency Call Service, that is to say a telecommunication service by means of which any member of the public may, at any time and without incurring any charge, by means of any item of telecommunication apparatus which is lawfully connected to any of the Applicable Systems at any place in the Licensed Area and which is capable of transmitting and receiving unrestricted two way voice telephony services, communicate as swiftly as practicable with any of the Emergency Organisations for the purpose of notifying them of an Emergency.
- 6.2 For the purposes of this Condition:
- (a) "Emergency Organisations" means in respect of any locality:
 - (i) the relevant public police, fire, ambulance and coastguard services for that locality; and
 - (ii) any other similar organisation providing assistance to the public in Emergencies in respect of which the Licensee is providing a Public Emergency Call Service on the day on which this Licence enters into force;
 - (b) telecommunication apparatus shall only be regarded as capable of transmitting and receiving unrestricted two way voice telephony services if it is capable of both:
 - (i) transmitting for conveyance by means of an Applicable System specific signals designated by the Licensee for the purpose of establishing communication with voice telephony apparatus controlled by the Emergency Organisations; and
 - (ii) transmitting and receiving uninterrupted simultaneous two way speech conveyed, or as the case may be to be conveyed, by means of that Applicable System.
- 6.3 The Licensee may restrict the telecommunication services provided under this Condition in respect of any of the Emergency Organisations mentioned in paragraph 6.2 (a) (ii) to the extent to which such restriction is agreed by the authority responsible for that Organisation or, in the absence of such agreement, to such extent as may be authorised by the Director.
- 6.4 In this Condition, the "Licensed Area" does not include any area to which the Act is extended under section 107.

CONDITION 7

CALLS MADE BY EMERGENCY ORGANISATIONS

- 7.1 The Licensee shall, for the purpose of facilitating the provision of services by Emergency Organisations in circumstances where telephone numbers cannot be dialled direct, provide operator-assisted voice telephony services with a view to enabling officials of any authority designated by the Secretary of State for the purposes of this Condition to send messages for conveyance by means of any of the Applicable Systems to any Network Termination Point for switched voice telephony within the Applicable Systems either:
- (a) with the least possible delay if such officials send specific signals designated by the Licensee for the purpose and proffer evidence of identity sufficient to establish to the Licensee's satisfaction that they are such officials; or
 - (b) with priority over all communications except emergency calls and those covered by (a) above if such persons send specific signals designated by the Licensee for the purpose and proffer such evidence of identity.

CONDITION 8

MARITIME EMERGENCY SERVICES

- 8.1 The Licensee shall enter into an agreement with the Secretary of State for the provision of distress, urgency and safety services for shipping in accordance with the Radio Regulations of the International Telecommunication Union to the extent that the Secretary of State pays the costs of such services, except costs which the Director determines to be unjustifiable.

CONDITION 9

PLANNING AND IMPLEMENTATION OF SPECIAL ARRANGEMENTS FOR EMERGENCIES

- 9.1 The Licensee shall, after consultation with the authorities responsible for Emergency Organisations and such departments of central and local government as the Director may from time to time determine and whose names are notified to the Licensee by him for the purpose, make plans or other arrangements for the provision or, as the case may be, the rapid restoration of such telecommunication services as are practicable and may reasonably be required in Emergencies.
- 9.2 The Licensee shall, on request by any such person as is designated for the purpose in the relevant plans or arrangements, implement those plans or arrangements insofar as it is reasonable and practicable to do so.
- 9.3 Nothing in this Condition precludes the Licensee from:
- (a) recovering the costs which it incurs in making or implementing any such plans or arrangements from those on behalf of or in consultation with whom the plans or arrangements are made; or
 - (b) making implementation of any plan or arrangement conditional upon the person or persons for whom or on whose behalf that plan or arrangement is to be implemented indemnifying the Licensee for all costs incurred as a consequence of the implementation.

CONDITION 10

PRIORITY FAULT REPAIR SERVICE

10.1 Without prejudice to any other obligation under these Conditions the Licensee shall, when notified of any fault or failure of any of the Applicable Systems or of a Relevant System which causes any interruption, suspension or restriction of the telecommunication services provided by means of that Applicable System or that Relevant System, provide:

- (a) to any person described in paragraph 10.2;
- (b) to any person described in paragraph 10.3; and
- (c) in respect of any Exchange Line or Private Circuit described in paragraph 10.3;

a priority Fault Repair Service with a view to restoring those services as swiftly as practicable and with priority so far as is reasonably practicable over Fault Repair Services provided by the Licensee to other persons.

10.2 The persons to whom paragraph 10.1 (a) applies are those:

- (a) who are engaged in the provision of an emergency service to the public, the provision of any essential services, the supply of any essential goods or in public administration; and
- (b)
 - (i) (A) whom the Licensee reasonably believes are within any class or description included in a list prepared by the Director in consultation with the Licensee and notified to the Licensee by the Director; and
 - (B) who apply, or on behalf of whom an application is made, to the Licensee for priority Fault Repair Service; or
 - (ii) whose names and other particulars are notified to the Licensee by the Director; and
- (c) who pay the Licensee's charges for the priority Fault Repair Service or in respect of whom those charges are paid; and
- (d) who have a bona fide need for an urgent repair.

10.3 Subject to paragraph 10.4, the persons to whom paragraph 10.1 (b) applies and the Exchange Lines or Private Circuits to which paragraph 10.1 (c) applies, are those:

- (a) whom or which the Licensee reasonably believes are within any class or description contained in a determination made and notified to the Licensee by the Director; and

- (b) who apply, or in respect of whom or which an application is made, for priority Fault Repair Service; and
 - (c) who pay, or in respect of whom or which are paid, the Licensee's charges for the priority Fault Repair Service; and
 - (d) who have or in respect of which there is a bona fide need for an urgent repair.
- 10.4
- (a) The Director shall not make a determination under paragraph 10.3 (a) without the consent of the Licensee.
 - (b) A determination made under paragraph 10.3 (a) may require the Licensee to provide the priority Fault Repair Service free of charge or on charges which are less than those which are payable by the persons described in paragraph 10.2.
 - (c) Where the Director has made a determination under paragraph 10.3 (a) and:
 - (i) the Licensee gives notice to the Director that it wishes the determination to cease to have effect; or
 - (ii) the Director notifies the Licensee that he wishes the determination to cease to have effect;

the determination shall cease to have effect at the end of the period of six months beginning on the day when the notification was given.
- 10.5 The priority Fault Repair Service shall be available for 24 hours a day or for such lesser periods of each day as may be agreed between the Licensee and the person paying for its provision.
- 10.6 In this Condition:
- “Fault Repair Service” means a service consisting in such repair, maintenance, adjustment or replacement of any of the Applicable Systems or such repair or adjustment of any Relevant System as is necessary to restore and maintain a sufficient service; and
- “Relevant System” means any:
- (i) telecommunication system not comprised in any of the Applicable Systems; or
 - (ii) telecommunication apparatus which is or is to be connected to any of the Applicable Systems and in respect of which the Licensee is contractually bound to provide Maintenance Services.

- 10.7 Where on the date on which this Licence enters into force, the Licensee is unable to comply with this Condition, it shall do so as soon as reasonably practicable thereafter and meanwhile shall provide a priority Fault Repair Service as like to that required under this Condition as is reasonably practicable.

CONDITION 11

PUBLIC CALL BOX SERVICES

- 11.1 The Licensee shall secure that Call Box Services are provided at all its Public Call Boxes and Temporary Call Boxes in the Licensed Area whether installed before, on or after the date on which this Licence enters into force.
- 11.2 The Licensee may cease to provide Call Box Services at any Temporary Call Box at any time but may cease to provide such services at any Public Call Box only if:
- (a) their continued provision is impracticable;
 - (b) the Revenue from the services provided at that Call Box in any period of twelve months ending not more than six months before the cessation has fallen below the Minimum Figure applying to that Call Box or Call Boxes of that description and the Licensee is not entitled to receive the difference between the Revenue and that Figure from any other person;
 - (c) the Call Box in question is located near another Public Call Box at which such Services continue to be provided and which is readily accessible from the place where the Call Box at which Services will cease to be provided is situated;
 - (d) the Licensee has, before the cessation, agreed with the Director that it will provide such Services at another Public Call Box to be installed near to, and readily accessible from, the place where the Call Box at which they are no longer to be provided is situated;
 - (e) such Services are available to the public at a Private Call Box:
 - (i) which is near to, and readily accessible from, the place where the Public Call Box at which Services will cease to be provided is situated; and
 - (ii) the person controlling that Private Call Box has entered into a contract with the Licensee undertaking to give the public unrestricted access to the Private Call Box at all times (or for such periods of each day as the Director determines in relation to that Call Box or all Call Boxes of that description) for the purpose of obtaining such Services and that that Private Call Box has installed in it apparatus enabling persons using hearing aids designed for use in conjunction with Telephones to use such hearing aids when voice telephony services are provided to them, and the Licensee takes all reasonable steps necessary to ensure that the terms of all such contracts are observed;

- (f) any person with power to require the removal of the Call Box in question requests the Licensee to remove it;
- (g) the Director is satisfied that all reasonable demands for Call Box Services in any particular area are being met at Public Call Boxes installed there by another public telecommunications operator or under arrangements made by such an operator similar to those in paragraph 11.2 (e); or
- (h) the Director agrees that such Services need no longer be provided at the Call Box in question for any other reason.

11.3 Where the Licensee ceases to provide Call Box Services at any Public Call Box on the ground that their continued provision there is impracticable, it shall use its best endeavours to provide such Services at another Public Call Box near to, and readily accessible from, the place where the first mentioned Call Box was situated, failing which it shall send by registered post or recorded delivery or by hand to the Director and to the Relevant Local Authorities and Relevant Consumer Bodies for the area in which the Public Call Box is situated a notice specifying the reasons why it considers that the continued provision of Call Box Services at that Public Call Box is no longer practicable and inviting those Authorities and Bodies to make representations in regard to the proposed cessation to the Director within a period of 42 days from the giving of notice. The Licensee shall as soon as reasonably practicable resume the provision of Services at a Public Call Box installed in the same place as, or in a place which is near to, and readily accessible from, the place where the Public Call Box at which Services are no longer provided was situated, if the Director, after considering the terms of the notice and any representations and objections received by him in connection with it, concludes that the provision of Call Box Services either in the place where the first mentioned Call Box was situated or in a place near to, and readily accessible therefrom, is practicable and within 70 days of the giving of the notice requires the Licensee to do so.

11.4 Where the Licensee proposes to cease to provide Call Box Services at any Public Call Box on the ground set out in paragraph 11.2 (b) of this Condition, it may cease to provide those Services at that Call Box only if it has:

- (a) posted prominently in or on that Call Box a notice specifying:
 - (i) that the Licensee is proposing to cease to provide Services there;
 - (ii) the reasons for the proposal;
 - (iii) the Minimum Figure;
 - (iv) the steps (whether in the form of financial contributions or the provision of services) which if taken by others would oblige the Licensee to continue to provide Services at that Call Box;

- (v) the address of the Licensee's office to which representations and objections with respect to the proposal may be made;
- (vi) the period (not being less than 28 days commencing with the date when the notice is first posted in or on that Call Box) within which representations and objections with respect to the proposal may be made;
- (b) sent by registered post or recorded delivery or by hand a copy of that notice to the Relevant Local Authority and Relevant Consumer Bodies for the area in which that Call Box is situated;
- (c) considered any representation or objection duly made with respect to the proposal within the period specified in sub-paragraph (a) (vi) above; and
- (d) sent to the Director by registered post or recorded delivery or by hand a copy of the notice described in sub-paragraph (a) together with copies of any representations and objections that the Licensee has received with respect to the proposal and its comments and conclusions thereon;

and 28 days have elapsed after the material specified in paragraph 11.4 (d) has been sent to the Director.

11.5 The Licensee shall, after consultation with the Director, publish from time to time in accordance with Condition 16.3 guidelines for determining when:

- (a) Public Call Boxes should be installed in new locations; and
- (b) Temporary Call Boxes should be installed in locations where major events of national or international standing take place;

and shall install Call Boxes on request in accordance with those guidelines unless there are special circumstances which make it unreasonable to require the Licensee to do so.

11.6 Without prejudice to paragraph 11.5, the Licensee shall provide Call Box Services at Public Call Boxes or Temporary Call Boxes installed or to be installed in locations specified by any person who undertakes to pay to the Licensee its costs incurred in providing such Services and to comply with the Licensee's terms and conditions.

11.6A Except in so far as the Director may otherwise consent in writing, the Licensee shall secure that any Prepayment Apparatus which the Licensee installs in a Public Call Box or Temporary Call Box is for the time being approved for connection to any of the Applicable Systems under section 22 of the Act.

- (a) "Call Box" means any kiosk, booth, acoustic hood, shelter or similar structure at which apparatus is installed for the provision of voice telephony services to the public or a class of the public together with such apparatus;
- (b) "Call Box Services" means the installation, repair and maintenance of Call Boxes, the service of conveying by means of the Applicable Systems voice telephony messages to and from such Boxes, directory information services relating to switched voice telephony services available at such Boxes and Public Emergency Call Services so available;
- (c) "Minimum Figure" means £185 per annum or such other amount as the Director and the Licensee may agree for the time being in respect of any Call Box or any description of Call Boxes, after consultation with the advisory bodies established by the Secretary of State under section 54 (1) of the Act;
- (cc) "Prepayment Apparatus" means telecommunication apparatus which has as its function, or one of its functions, the automatic enabling of Messages to be transmitted or received on the prior provision of consideration by means of the insertion in the apparatus of cash, or tokens, or cards, or by similar means;
- (d) "Private Call Box" means a Call Box owned by or supplied to a person other than the Licensee or another public telecommunications operator at which Call Box Services are or may be provided;
- (e) "Public Call Box" means a Call Box to which the public has access at all times which is neither a Private Call Box nor a Temporary Call Box and at which Call Box Services are or may be provided;
- (f) "Relevant Consumer Body" means the bodies referred to in Condition 29;
- (g) "Relevant Local Authority" means the smallest unit of Local Authority for the area where the Public Call Box is located;
- (h) "Revenue", in relation to services provided at any Public Call Box, means the actual amounts received by the Licensee in respect thereof, together with a notional sum equal to 25 per cent. (or such other percentage as the Director and the Licensee may agree for the time being) of the aggregate of such amounts representing revenue earned in respect of transfer charge, credit and similar facilities provided at that Call Box and of services provided and paid for elsewhere which involve conveyance of messages to that Call Box; and

- (i) "Temporary Call Box" means a Call Box run by the Licensee which is mobile or is installed for a limited period or is permanently installed but at which Call Box Services are provided to the public or a class of the public for limited periods of time.

CONDITION 12

MARITIME SERVICES

- 12.1 The Licensee shall provide two way telecommunication services (including voice telephony and data transmission services) consisting in the transmission and reception of Messages conveyed or to be conveyed between seagoing vessels and hovercraft and any Network Termination Point in any of the Applicable Systems. Such services shall comply with any relevant requirements of the Radio Regulations of the International Telecommunication Union.
- 12.2 In this Condition "seagoing vessel" includes any floating structure for the exploration for, or exploitation of, oil or gas, or similar structure, while it is not maintained on a station.

CONDITION 13

CONNECTION OF SYSTEMS PROVIDING CONNECTION SERVICES

13.1 Without prejudice to Condition 3 and subject to the provisions of this Condition the Licensee shall, unless it is impracticable to do so, enter into an agreement with the Operator, that is to say any person who is authorised by a Licence to run a Relevant Connectable System, if the Operator requires it to do so:

- (a) to connect, and keep connected, to any of the Applicable Systems, or to permit to be so connected and kept connected, that Relevant Connectable System and accordingly to establish and maintain such one or more Points of Connection as are reasonably required and are of sufficient capacity and in sufficient number to enable Messages conveyed or to be conveyed by means of the Operator's system to be conveyed by means of any of the Applicable Systems in such a way as conveniently to meet all reasonable demands for the conveyance of Messages between the Relevant Connectable System and any of the Applicable Systems;
- (b) without prejudice to paragraph 13.1 (a), where the Operator is a Long Line Public Telecommunications Operator to establish and maintain such Points of Connection as will enable persons running telecommunication systems connected to the Operator's system and persons running telecommunication systems connected to any of the Applicable Systems to exercise freedom of choice as to the extent to which Messages are conveyed by means of the Applicable Systems and in routing Messages so conveyed;
- (c) to provide such other telecommunication services (including the conveyance of Messages which have been, or are to be, transmitted or received at such Points of Connection), information and other services as the Director determines are reasonably required (but no more than reasonably required) to secure that Points of Connection are established and maintained and to enable the Operator effectively to provide the Connection Services which he provides or proposes to provide; and
- (d) to provide any other telecommunication service which is either an Initial Standard Service or a service which the Director and the Licensee agree should be a service for the purposes of this sub-paragraph.

13.2 The Licensee shall not be obliged under paragraph 13.1 to enter into an agreement to do anything if:

- (a) in the opinion of the Licensee it would be liable to cause the death of or personal injury to, or damage to the property of, the Licensee or any person engaged in the Licensee's business, or materially to impair the

quality of any telecommunication service provided by means of any of the Applicable Systems or any telecommunication system (other than the Operator's system) connected thereto and the Director has not expressed a contrary opinion; or

(b) in the opinion of the Licensee:

- (i) it would require an adjustment to, or modification of, any of the Applicable Systems whether by incorporation of apparatus or otherwise or the provision by the Licensee of services or information which in any particular case would not be reasonably required; or
- (ii) it would not be reasonably practicable to require the Licensee to do that thing, or permit it to be done, at the time or in the manner required by the Operator, having regard to the state of technical development of the Applicable Systems or any other matter which appears to the Director to be relevant;

and the Director has not expressed a contrary opinion.

13.3 The Licensee may require that an agreement to be entered into under paragraph 13.1 should be subject to terms and conditions, but only such terms and conditions as are permitted in relation to that agreement in accordance with paragraphs 13.4, 13.5 and 13.6.

13.4 Subject to paragraphs 13.5 and 13.6 and Condition 16B terms and conditions are permitted if they are agreed between the Operator and the Licensee and relate to all or any of the following matters:

- (a) the charges to be paid by the Operator for anything done under an agreement of the kind described in paragraph 13.1 or as a result of such agreement;
- (aa) the charges to be paid by the Operator for the provision by the Licensee to the Operator of telecommunication services and other services to enable the Operator to provide a Public Emergency Call Service where those services are to be provided;
- (b) the method adopted or to be adopted to make or maintain the connection;
- (c) the Points of Connection in the Applicable Systems at which the connection is or is to be made (including arrangements for determining the point at which Messages will be transferred from one system to another and arrangements for conveying, routing and rerouting Messages);
- (d) any restrictions on the telecommunication services to be provided by the Licensee or the Operator being restrictions needed to satisfy

international obligations or recommendations applying to and accepted by Her Majesty's Government or to which the Director consents from time to time;

- (e) the time when and period from which the Licensee or the Operator is to be obliged to do anything or to permit anything to be done and any arrangements for reviewing the terms and conditions of the agreement;
- (f) the form and manner in which Messages are to be transmitted or received at the Points of Connection including arrangements for numbering and the use of appropriate call progress tones and announcements;
- (ff) arrangements whereby each of the Licensee and the Operator agree to keep confidential Confidential Information relating to the other;
- (g) the means of securing that any Message will be received by means of the connection with a signal quality which is in accordance with any obligations and recommendations of the International Telecommunication Union which apply to Her Majesty's Government and are accepted by them or with any other standard to which the Director consents for the purpose from time to time;
- (h) arrangements for charging customers and others in respect of Messages conveyed by virtue of the agreement;
- (i) arrangements for Messages conveyed or to be conveyed outside the United Kingdom;
- (ii) arrangements for the Quality of Standard Services;
- (j) provision by the Operator of a reasonable indemnity against any loss or damage sustained by the Licensee in consequence of the agreement in circumstances where the Licensee provides to the Operator an equivalent indemnity; and
- (k) any other matter of which the Director is satisfied that account should be taken in the special circumstances of any particular case or which is agreed between the Licensee and the Operator.

13.5 Where:

- (1) after a period which appears to the Director to be reasonable for the purpose either:
 - (i) the Licensee has failed to enter into an agreement as required by the Operator under paragraph 13.1 or as requested by the Operator to enable it to provide a Public Emergency Call Service; or

- (ii) the Licensee and the Operator, having undertaken, pursuant to provisions for the purpose contained in an agreement entered into under paragraph 13.1, a review of the terms and conditions of the agreement or any of them, have failed to agree whether any of the terms and conditions subject to the review should be amended or if so, what amendments should be made; or
- (2) the Licensee refers for determination the charge (or the means of calculating that charge) to be paid by an Operator to the Licensee:
 - (i) pursuant to Condition 16B.1 for each Initial Standard Service during the financial year ending 31 March 1996; and
 - (ii) pursuant to Condition 16B.2 for each Standard Service (other than a Competitive Standard Service) the charge for which has been previously determined by the Director pursuant to this Condition;

then the Director shall:

- (aa) in the case of sub-paragraph (1) (i) on the application of the Operator or the Licensee, determine with effect from the date of the application the permitted terms and conditions for the purpose of that agreement;
- (bb) in the case of sub-paragraph (1) (ii), on the application of the Operator or the Licensee requesting him to do so, and provided he is satisfied that the application was made pursuant to, and in accordance with, any provision in the agreement permitting such application and that any modifications sought to the agreement are material, determine, consistent with the provisions in the agreement relating to such determination, whether any terms and conditions referred to in the application should be amended and if so the amendments to those terms and conditions, (and so that any charge to be paid under the agreement shall take effect in accordance with the agreement); or
- (cc) in the case of sub-paragraph (2), determine the charge (or the means of calculating that charge);

being,

- (A) in the case of sub-paragraph (aa), terms and conditions relating to the matters mentioned in paragraph 13.4;
- (B) in the case of sub-paragraph (bb), amendments so relating; and
- (C) in the case of sub-paragraph (cc), a charge (or the means of calculating that charge);

which appear or appears to the Director reasonably necessary (but no more than reasonably necessary) to secure:

- (a) that the Operator pays to the Licensee the cost of anything done pursuant to or in connection with the agreement including fully allocated costs attributable to the services to be provided and taking into account relevant overheads and a reasonable rate of return on attributable assets (provided that the Director may determine whether those fully allocated costs including those relevant overheads and relevant costs of capital incurred in prior years and the current year should be wholly attributed in the current year or deferred and carried forward, in whole or in part, to be attributed in future years);
- (b) that the Licensee is properly indemnified against any liabilities to third parties or damage to the Applicable Systems or loss arising from such damage which may result from the performance of the agreement;
- (c) that the Licensee is reasonably able in all the circumstances (including its obligations and reasonably foreseeable obligations to permit other Operators to provide services by means of Points of Connection under this Condition) to finance the other services which it is required by this Licence to provide and to recover costs which are incurred for the provision of those other services or are necessarily incidental thereto;
- (d) that the quality of any telecommunication services provided by means of the Applicable Systems and any systems (other than the Operator's system) connected thereto is maintained;
- (e) that the requirements of fair competition are satisfied;
- (f) that proper account is taken of any other matter reasonably required for the protection of the interests of the Licensee to the extent that no interest of the Operator is unduly prejudiced, including the need to ensure:
 - (i) that arrangements for connection accord with good engineering principles and practice;
 - (ii) that the commercial development of the Applicable Systems is not unduly impeded;
 - (iii) that charging arrangements take account of the overall pattern of the Licensee's costs;
 - (iv) that Messages which originate on one system and are conveyed by another should pass through a Point of Connection as near as reasonably practicable to the place from which they are initially sent or at which they are ultimately received;
 - (v) that the Operator does not rely unduly upon services provided by the Licensee as a means of satisfying his own obligations under his Licence;